

## **ABSTRACT**

The study of the European role in the Palestinian – Israeli peace process is significant due to the potential influence and impact which could be achieved from an effective European role. In particular the EU could play an instrumental role in shaping the expected outcomes of the process, defining its future and balancing out United States power and bias as the only sponsor of the peace process.

Since the 1980 Venice Declaration, EU member states have supported the right for Palestinian self – determination, which in due course translated into the demand for an independent and viable Palestinian state in West Bank and Gaza Strip (Berlin Declaration 1999).

Following the 1991 Madrid conference European involvement, while remaining secondary, was nonetheless visible. The EU chaired the Regional Development Working Group and co-chaired several other working groups. Following the 1993 Oslo Accord the EU pledged 250 million euro in grants in the period 1994 – 1998. By mid-2003, it had committed two billion in grants and loans in addition to its contribution to UNRWA operations supporting Palestinian refugees. After 1995, the PNA benefited from MEDA funds in the context of the Barcelona process. EU finance constituted more than 55% of total international aid to the Palestinian - primarily for ‘institution building’.

With the outbreak of second intifada, the end of Clinton's presidency and the relative disengagement of the Bush administration, the EU stepped up its involvement in the peace process in two ways. First, it increased financial assistance to the Palestinians in response to the economic collapse and humanitarian crisis in the Palestinian territories and the Israeli government's refusal to transfer tax receipts owed to the P.N.A. Since June 2001 the EU has transferred 10 million euro per month as budgetary support to the P.N.A. This is an important element in the very survival of the authority.

Second, the EU strengthened its political engagement in the peace process following escalation of the conflict and with the USA taking a more hands - off approach. The Europeans become the only major foreign party who maintained

contacts with the Palestinians and President Arafat. The EU is asserting the principle that since the end of the Clinton era the USA no longer has exclusive ownership of the peace process.

The new American administration at first appeared to welcome the Europeans taking a more active role as political players rather simply serving as providers of aid. Later it became clear that this was a multilateral cover for weak American policy in the peace process and an alternative *ad-hoc* diplomacy to compensate for its absence. Nonetheless, the Quartet borne in Madrid (April 2002), and its work which resulted in the Road Map with the intention of reviving the peace process, creates potential for a valuable multilateral frame work to solve the conflict.

The demand for a more prominent European role needs to be balanced with a recognition of the limited capacity of the EU to act in a coherent and effective manner as a single foreign policy actor.

The new trends in American policy in the region pose a major challenge for the EU's emerging Common Foreign and Security Policy (CFSP).

In general, there are clear constraints on the European role: first, the deep distrust Israel has of the EU, because of its perceived pro- Palestinian and pro-Arab bias.

Second, the EU lacks both political clout and the military power needed for actions other than diplomacy.

Third, the EU cannot ultimately jepordise its political and economic relations and interests across the Atlantic. There is a narrow margin which cannot be exceeded in this respect.

The European role continues to be diplomatic and economic for the most part, depending on its philosophy of incrementalism and gradualism. It recognizes the interdependence of economic, political and diplomatic efforts and is waiting for another window of opportunity while wishing not to lose the place and relative role it has secured in the peace process to date.